Cryptocurrency: The Growth and Challenges in India

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Abstract

Many of the situations we perform in our everyday lives have been digitised and have become more adaptable and efficient as a result of the rapid growth of information and communication technologies. In order to make financial transactions like buying, selling, and trading easier, there has been a significant increase in the number of online users. This has activated virtual word concepts and produced a new economic phenomenon called cryptocurrency. Virtual worlds, peer-to-peer networks, online social networks, and online social games are just a few of the applications and networks that employ cryptocurrency to represent valuable and intangible goods. In recent years, the use of virtual currency has extended throughout numerous systems. This study looks into what users anticipate for the future of cryptocurrencies. The research also investigates users trust in utilising cryptocurrencies at a time when their usage is not fully regulated and supervised. Additionally, in order to get a clear picture from a practical perspective, the research aims to measure the spread of bitcoin use.

Keywords: *Cryptocurrency, Growth, Challenges, Technology*

Introduction

There is no rebuffing that the phase of information and communication technology has given rise to a number of excellent opportunities. The finance and commercial sector is one of the industries that gains from these technology and online connections. Virtual world concepts have been triggered by an increasing number of internet users, resulting in a new commercial phenomenon. As a result, new trading, transaction, and currency models have emerged. Cryptocurrency is one of the astonishing new financial instruments that have developed in recent years. Any kind of currency (other than fiat money) that may be utilised in a variety of financial transactions, whether they are virtual or physical, is referred to as cryptocurrency (CC). Cryptocurrencies are valued, immaterial items that may be utilised digitally

The Cryptocurrency Market

The Global Landscape

With a market value of $142.2 billion and a market share of roughly 45%, the Bitcoin dominates the cryptocurrency industry to the greatest extent (Rs 9.25 Trillion). The price on the market is $8254.8, or Rs 5,35,767. The aggregate term "altcoins" refers to all other cryptocurrencies than bitcoins and encompasses 1550 different trading currencies. In the table, a few of them are listed:.

Name	Price	Market Cap
Bitcoin	$8254.8	$ 142.2 B
Ethereum	$ 528.33	$ 52.97 B
Ripple	$ 0.65492	$ 25.92 B
Litecoin	$ 151.22	$ 8.52 B
Monero	$ 208.7	$ 78.16 M
Neo	$ 58.98	$ 260.1 M

The Cryptocurrency Business

In order to make virtual currencies more understandable, Rosenzweig, the CEO of the IMVU game company, compared them to airline miles, which are also regarded as a type of virtual currency, and described them as "symbolic currencies [that] you can accumulate and then switch into something you care about." Trading and completing financial transactions are made easier for users by virtual currency.

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They also made it simpler and more effective to earn, spend, exchange, and accumulate money. They are used to trade currency between other platforms or to buy virtual products inside the same setting. Additionally, they are employed to purchase both real and digital things. As a result, virtual money provides businesses and operators with excellent options to monetize their applications and thereby boost their profits.

There are numerous forms of cryptocurrency that are used on various platforms, including peer-to-peer networks, social networks, social games, loyalty points, and cryptocurrency. Centralized cryptocurrency

platforms and decentralized cryptocurrency platforms are the two main categories into which these platforms can be divided. The term "centralized cryptocurrency" refers to a system of digital money with a central repository that functions similarly to a central bank.

Challenges and Issues

Cryptocurrencies do not come without certain monetary issues and security worries. In order to investigate the difficulties and problems that may be present in such a virtual phenomena, we analysed a number of research and cryptocurrency platforms and looked at several cryptocurrency selling forums. The following are the primary drawbacks and effects of cryptocurrencies:

Security threats: If people manage to exploit the system and are aware of how virtual money is created, hackers and corrupt users can manufacture as much virtual currency as they like. By simply adjusting the account balances, it will be possible to steal virtual cash or produce false virtual currency. Selling virtual goods and virtual cash in-game, for instance, is prohibited by World of Warcraft (WoW) game rules. As a result, many people visit websites that sell WoW gold in order to purchase the virtual goods they require. Numerous WoW gold selling websites are unreliable, prone to hacking, and filled with consumers that are dissatisfied with spending real money for nothing or for phoney virtual cash.

Collapse Concerns with cryptocurrency systems: Since virtual money is not issued based on supply and demand, its unlimited issuance in many virtual communities would cause economic issues. Some service providers, like Second Life, have the option of issuing infinite Linden Dollars and raising the pricing of their virtual goods in order to boost their actual earnings. On the other side, it will experience inflation and economic problems, which will cause the virtual currency system to collapse.

Impact on real monetary systems: Since certain virtual currency systems are linked to actual monetary systems, they could have an impact on the supply and demand for real money. For instance, some platforms may decrease the need for real money by allowing users to pay with virtual currency for both virtual and real goods and services. Users will go from using real money to buying what they want to using virtual money. On the other side, some platforms allow users to trade their virtual currency for real money, which will result in a rise in the price of actual money. This variation will have an impact on actual monetary systems.

Gold farming risks: The phrase "gold farming" is quite common in China and other emerging nations. Gold farmers are players who participate in social games like World of Warcraft with the intention of

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accumulating gold, the game's virtual currency, and then selling it for real money. The gamers who don't have enough time to play and compete for virtual cash are the buyers who are targeted. In actuality, gold mining generates a substantial financial flow that is uncontrolled and unregulated. When virtual currency is traded for real money in an untrustworthy setting, this will raise the likelihood of fraud and financial dangers.

Fluctuation in virtual currency value: The value of a virtual community's money will depreciate when its popularity declines, according to a research by Chow and Guo. Users with 1000 virtual money units, for instance, can choose from a selection of 100 goods to purchase. Users can only purchase up to 10 products with their 1000 units if the virtual currency supplier fails, as failing will result in fewer goods and services overall, especially in closed virtual communities.

Money laundering: One danger that is extremely likely to increase with the usage of Virtual Currency is money laundering, particularly with platforms that allow users to trade virtual currency for real money. In a real-world instance, the authorities in Korea detained a group of 14 people in 2008 for allegedly laundering $38 million acquired through the sale of virtual money. The gang transferred $38 million from Korea to a paper firm in China as payment for goods. This money is earned via gold farming.

Unknown identity risks: Financial transactions cannot be closely controlled since most platforms for virtual money, including social games and social networks, do not need authentication when opening an account. Users and gamers have the ability to establish many accounts with fictitious identities and utilise them for nefarious purposes. The source of producing or withdrawing virtual money cannot be traced. As a result, it becomes impossible to follow the transactions in cases where money laundering is suspected. Additionally, assuming a false identity will allow criminals to get payment in virtual money for their actions.

Black market for cryptocurrency: Some social games, like Second Life and World of Warcraft, have developed enough financial stability to support an underground market for buying and selling their in-game currencies. A booming illicit market for swapping virtual currency for real money has emerged as a result of the rising popularity of virtual currency in online environments. By looking at the forums for various social games, numerous fraud situations have been brought forward and debated by players. For instance, a player who decides to stop playing a game could want to sell whatever virtual cash they have by posting an offer in the game's forums. Receiving funds involves risk since many fraudulent people may choose not to finish the transaction or dispute after paying. They will receive their money in this scenario.

Conclusion

Cryptocurrency provides a fresh, practical, and alluring payment method model that can increase business and operator income. In addition to actual money, it offers an alternate payment mechanism that makes it simple for users to conduct financial transactions including buying, selling, transferring, and exchanging. Although cryptocurrency platforms offer a variety of channels for online financial trades and offer a new currency with unique processes and procedures, they are not as tightly monitored and regulated as they should be. The study examined bitcoin systems and gleaned several issues and difficulties that put such a financial system at danger. The major issue with cryptocurrency systems is seen to be the absence of laws.

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